

FINANCE COMMITTEE

11-007-0

REPLACEMENT

ORDINANCE NO. _____

AN ORDINANCE CREATING TOURISM ATTRACTION REINVESTMENT AND INVESTMENT FUND TO FUND INVESTMENT AND REINVESTMENT IN PUBLIC TOURISM-RELATED INFRASTRUCTURE, PROVIDING FOR FUNDING THEREOF AND FOR EXPENDING FUNDS THEREFROM, ADDING A NEW DIVISION 9 TO ARTICLE 2 OF CHAPTER 20 OF THE DULUTH CITY CODE, 1959, AS AMENDED.

BY COUNCILOR FEDORA:

The city of Duluth does ordain:

Section 1. That Chapter 20 of the Duluth City Code, 1959, as amended, is hereby amended by the addition of a new Division 9 to Article II of Chapter 20 which reads as follows:

Division 9. Tourism Attraction Reinvestment and Investment Fund.

Sec. 20-29. Tourism Attraction Reinvestment and Investment Fund.

(a) That there is hereby established in the treasury of the city of Duluth a "Tourism Attraction Reinvestment and Investment Fund" for the purpose of providing funds for the purposes of constructing, reconstructing, performing major capital repair or replacement of buildings, structures, monuments, statuary, improved trails or walkways and other facilities owned or controlled by the city which are designed and intended primarily to attract tourism to the city;

(b) Subject to limitations imposed by statute or by other binding commitment to a third party, if any, the city shall each year appropriate and transfer from those funds generated pursuant to Section 42A-50(a) to the Tourism Attraction Reinvestment and Investment Fund not less than the amount of \$50,000. The city council may from time to time transfer additional funds to the Tourism Attraction Reinvestment and Investment Fund from whatever source it shall deem appropriate. All funds so appropriated and transferred shall thereafter be expended only in the manner and for

the purposes set forth in this Section;

(c) The funds which are subject of this Section shall be expended only upon the affirmative vote of at least 7 councilors upon making a formal finding that such expenditure fulfills one or more identified purposes of the purposes specified in subsection (a) above and approving said expenditure for said purpose.

Section 2. This ordinance shall take effect 30 days from and after its passage and publication except that the requirement to deposit funds in the Tourism Attraction Reinvestment and Investment Fund contained in subsection (b) of Section 20-29 contained in Section 1 of this ordinance shall be effective commencing with the budget for 2012.

Approved as to form:



Attorney

CCREQ/ATTY REA:dma 02/01/2011

STATEMENT OF PURPOSE: The purpose of this ordinance is to create the Tourism Attraction Reinvestment and Investment Fund, specify its intended purpose, provide for its funding and to establish a process for expending funds therefrom.

The City of Duluth, as one of the premier tourist destinations in the State of Minnesota, is blessed with a large number of tourist attractions, many of which are owned or controlled by the City, including such facilities, as Enger Tower and Park, the Lakewalk, the "Viking Ship", Skyline Parkway and many sculptures, monuments and other improvements.

This blessing is not without its burdens, however. Many of these attractions have been in place for an extended period of time and are in need of substantial repair and, in some cases, even reconstruction in order to remain viable and vibrant parts of our tourism-attracting infrastructure. Unfortunately, funding to cover the costs of this work is often hard to come by and never more so than lately as the City faces continuing financial pressure due to reduced revenues and reduced state aid.

For a number of years the City has had access to funding from the so-called "Tourism Tax" under Section 42A-50(a) of the City Code which is intended to

assist the City in funding tourism-related work. Unfortunately, in recent years the available funding has often been used heavily for programmatic purposes, purposes which are worthy in and of themselves but which have left little of the resources to be devoted to maintaining and repairing our tourism infrastructure.

The purpose of this ordinance is to take a small step to address this problem by creating the "Tourism Attraction Reinvestment and Investment Fund" as a dedicated fund in the City Treasury to provide a funding source to attack this problem. It would require that at least \$50,000 of Tourism Tax proceeds would be deposited in the fund and would require that the funds only be used for construction, reconstruction or capital repair of City-owned tourism infrastructure. To access these funds a 7/9th vote of the Council would be required.

Because all of the funds expected to be generated by the Section 42A-50(a) Tourism Taxes have already been committed for 2011, the effective date of the requirement to make the first deposit of \$50,000 in the Tourism Attraction Reinvestment and Investment Fund is being postponed to the 2012 budget year.